

**Opening Statement of Chairman Tom Davis  
Government Reform Committee Hearing  
“Sharpening Our Edge – Staying Competitive in the 21<sup>st</sup> Century Marketplace”  
February 9, 2006**

Good morning, today the Committee meets to study the challenges America faces in staying competitive in the 21<sup>st</sup> Century global economy.

Over the last few years, the rapid growth of emerging free market economies has led to a heated debate in the United States. Pundits, politicians and armchair economists have all warned about the impact of low-cost Chinese labor, Indian outsourcing and vast numbers of new Asian engineering graduates on the traditional economic leadership role of the United States.

It is true that the IT revolution and the continued push to lower global trade barriers has helped create what New York Times columnist Tom Friedman has referred to as a “flatter” world. It’s a world in which many familiar have been reordered and in which American workers have to compete with their counterparts around the world more directly than ever before. However, as David Brooks, also of the New York Times, pointed out in a recent column, “Americans remain the hardest working people on the face of the earth and the most productive.”

It is important to remember that the United States has been the prime mover in fostering the rise of the global economic order. If the globalizing world increasingly resembles America, it is because the rules and values on which that world operates are becoming increasingly American – competition, transparency and free markets – and because it is American companies that are often best-positioned to take advantage of new global opportunities.

However, many Americans, including some Members of Congress, have reacted to some of the tougher changes brought about by globalization by advocating U.S. withdrawal from the bold new world it is responsible for creating. After all, as Friedman noted, “It is easy to demonize free markets – and the freedom to outsource and offshore – because it is so much easier to see people being laid off than being hired.” Yet the truth is that the U.S. unemployment rate this month hit a nearly a five-year low and the availability of low-cost consumer goods and services from China and India have allowed average Americans to stretch their hard-earned dollars further than ever before. Think DVD players. Think cell phones. Think leather jackets.

As Members of Congress, our reaction to the global economy should not be to fear or shun it. Rather, it should be to constantly look for ways to streamline U.S. policies in order to maximize our ability to blaze new paths and nurture innovation. In setting forth his American Competitiveness Initiative during the State of the Union address, the President offered some challenging proposals. Our purpose here today is to not only examine this Initiative but to help frame the debate over maximizing U.S. competitiveness. We'll hear from business leaders who have been successful in the global economy. We want them to tell us if the many competitiveness proposals will actually make a difference to decision makers in the business world.

Today we are honored to welcome the Secretary of Commerce, Carlos M. Gutierrez. We will also hear from Dr. Hector de J. Ruiz, President and CEO of Advanced Micro Devices; M. Brian O'Shaughnessy, President and CEO of Revere Copper Products; Mr. Richard S. Garnick, President, North American Services for Keane, Inc.; Ms. Deborah Wince-Smith, President of the Council on Competitiveness; and former Congressman Dave McCurdy, President of the Electronic Industries Alliance. Thank you all very much for being here.